

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Cooperative Sugar Factory - Budget Release Order for an additional amount of Rs.2,85,38,000/- (Rupees Two Crores, Eighty Five Lakhs and Thirty Eight Thousand Only) as Loan to the Commissioner of Sugar & Cane Commissioner towards repayment of dues to S.D.F. on behalf of Kovur Sugar factory - Administrative Sanction - Orders - Issued.

INDUSTRIES & COMMERCE (SUGAR) DEPARTMENT

G.O.Rt.No 389

Dated: 04-7-2011.

Read the following :

1. From the Commr. of Sugar & C.C., Hyderabad Lr.Rc.No.609/2009/D2, Dt:13.04.2011.
2. Govt. Lr.No.5888/Sug/A1/2010, I&C (Sugar) Dept., Dt:29.6.2010.
3. From GoI Lr.No.4-4/2000-SDF, Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution Dt:03.8.2010.
4. From the Commr. of Sugar & C.C., Hyderabad Lr.Rc.No.609/2009/D2, Dt:02.02.2011.
5. G.O.Rt.No.2438, Finance(Exp. I&C) Department, Dt:22-6-2011.

ORDER:

The Commissioner of Sugar & Cane Commissioner, Hyderabad in the references 1st & 4th read above has stated that the Kovur Cooperative Sugar Factory availed a term loan of Rs.473.71 lakhs from Sugar Development Fund (SDF) through National Co-operative Development Corporation (NCDC) for expansion project in 2001, and successfully completed the project in 2002. The said loan amount need to be repayable in 5 equal installments. The Kovur Sugar factory has defaulted in repayment of two installments by 5.11.2009 amounting to Rs.285.38 lakhs. Further, he has stated that the Kovur Cooperative Sugar Factory could crush 11800 MTs in the trail season with expanded capacity of 2500 TCD. Thereafter, the CSF did not have crushing operations during the season 2003-2004 and 2004-2005 due to shortage of raw material (Sugarcane) and also in view of the privatization process taken up by State Government. During 2008-2009 and 2009-2010 seasons the Cooperative Sugar Factory had very low crushing and could not generate income considerably.

2. The Commissioner of Sugar & Cane Commissioner has informed that the Managing Director, Kovur Cooperative Sugar Factory has reported that the financial position of the factory did not improve, resulting in default in repayment of SDF loan with interest to NCDC, New Delhi. The factory failed to repay the following installments and interest as shown below:

Over due installments	Rs.	Rs.	Rs.
Installment due on 5.11.09 (Loan-I)	9474200	6259210	15733410
Installment due on 5.11.09 (Loan-II)	9474200	6123065	15597265
Regular installment due on 5.11.10 (Loan-I)	4737100	2618383	7355483
Regular installment due on 5.11.10 (Loan-II)	4737100	2556477	7293577
Total:	2,84,22,600	1,75,57,135	4,59,79,735

P.T.O.

3. The Commissioner of Sugar & Cane Commissioner has informed that the Managing Director, Kovur Cooperative Sugar Factory, Nellore has requested to recommend their case to the Government for providing financial assistance/loan for repayment of SDF over dues amount of Rs.4,59,79,735/- to NCDC in view of the financial crunch being faced by the Kovur CSF.
4. The Commissioner of Sugar & Cane Commissioner has requested to consider and recommend the Director (SDF)/Managing Director, NCDC, New Delhi to reschedule the SDF loan installments duly commencing the repayment from the year 2011 as requested by the Managing Director, Kovur CSF, Nellore (OR) to provide budget provision and sanction an amount of Rs.285.38 Lakhs on behalf of Kovur CSF to repay the SDF loan due, since the CSF has defaulted in repayment of SDF loan as per schedule due to its financial crunch.
5. Accordingly, Government has requested the Managing Director, National Cooperative Development Corporation (NCDC), New Delhi & the Director (SDF), Ministry of Consumer Affairs, Department of Food & Public Distribution, New Delhi to reschedule the SDF loan installments duly commencing the repayment of the said loan from the year 2011.
6. The Under Secretary to Government of India (SDF) in the letter dt.03.08.2010 has stated that SDF Rules, 1983 provide for restructuring only of loans to potentially viable sick sugar undertakings and there is no provision for restructuring / re-schedulement of loans dues to other financial reasons as quoted in the above references. Further, it was stated that the Kovur CSF has defaulted on its repayments and advised that arrangement be made to ensure repayment of SDF loan as per schedule.
7. Further, the Commissioner of Sugar & Cane Commissioner has informed that the Regional Director (I&C), NCDC, Hyderabad has informed that the NCDC, New Delhi (Head Office) is contemplating to file a civil suit in the Regional jurisdiction of District Court & High Court, in which the defaulting sugar mills are situated towards recovery of SDF over dues and while explaining latest position, the Regional Director (I&C) NCDC, Hyderabad requested the Commissioner of Sugar to take up the matter with Government for further action in the matter.
8. The Commissioner of Sugar & Cane Commissioner has therefore requested the Government to take an appropriate decision for providing required financial assistance, keeping in view of the financial stringency of the CSF in order to liquidate SDF loan due amount, otherwise SDF authority will charge interest and penal interest and may also recover by adjusting the same against Central Government assistance to State Government.
9. Government after careful examination and consequent on Budget Release Order issued vide reference 5th cited, hereby accord administrative sanction for an additional amount of Rs.2,85,38,000/- (Rupees Two Crores, Eighty Five Lakhs and Thirty Eight Thousand Only) as Loan to the Commissioner of Sugar & Cane Commissioner towards repayment of dues to S.D.F. on behalf of Kovur Sugar factory as indicated below in relaxation of Treasury Control Orders and quarterly regulation

Contd. P.3.

orders by obtaining supplementary grants during the year 2011-2012:

PLAN

(Rupees in thousands)

Sl.No.	Name of the Scheme	Head of Account	B.E. 2010-2011	Reappropriated/ Additional	Total Provision (2011-12) (4+5)	Amount already Authorized	Amount Authorized now	Balance amount Available 6-7-11	Procedure of drawl of funds	Drawing Officer	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Loans for Repay-ment of dues to SDF on behalf of defaulted sugar mills	6860 - Loans for Consumer Industries 04 - Sugar 101-Loans to Co-op. Sugar Mills GH-11 - NSP SH(09)- Loans for repayment of dues to SDF on behalf of defaulted sugar mills (001) Loans to Co-op. Sugar Factories.	Nil	2,85,38	2,85,38	Nil	2,85,38	Nil	Loan Bill	Asst. Secy. to Govt., Finance (DMC) Dept. as DDO.	

10. The Commissioner of Sugar and Cane Commissioner shall take necessary action to draw and disburse the amount. He is also requested to send necessary supplementary estimates direct to Finance (B.G.) Department for inclusion supplementary grants 2011-12 immediately under copy to Government.

11. This orders issue with the concurrence of Finance (Exp.I&C) Department vide their U.O.No.6476/88/Exp.I&C/2011, Dt.22-6-2011 and as per Budget Release Order issued in the reference 5th read above.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

T. S. APPA RAO,
PRINCIPAL SECRETARY TO GOVERNMENT &
COMMISSIONR FOR INDUSTRIAL PROMOTION.

To
The Commissioner of Sugar & Cane Commissioner, A.P., Hyderabad.
The Finance (Exp.I&C) Department.
The Fin.(Exp.BG.I) Department.
The Pay & Accounts Office, A.P., Hyderabad.
The DTA, A.P., Hyderabad.
The Accountant General, A.P., Hyderabad.
Copy to:
The P.S. to Hon'ble Min. (MI, Sugar, C&EP).
The MD, Kovur CSF, Nellore Dist.
.SC/SF.

// FORWARDED :: BY ORDER//

SECTION OFFICER.